

Update: Total Equity Mandate

Bought Union Pacific Corp.

Union Pacific operates one of the largest North American railroads, with a network that spans over 32,000 route miles, linking Pacific Coast and Gulf Coast ports to mid-western and eastern gateways. The rail lines touch 23 states, as well as the Mexican and Canadian borders. The Railroad's well diversified business mix includes Agricultural Products, Automotive, Chemicals, Coal, Industrial Products and Intermodal.

We feel that the rail industry has many long-term positives working in its favour that are not being fully appreciated. A growing U.S. economy, the expansion of global trade, a favorable environmental footprint, improving commodity fundamentals and fuel efficiency advantages along with the railway industry's oligopolistic nature are reasons we are attracted the sector.

Union Pacific's large established network gives them ample room for expansion and efficiency improvements going forward. Additionally, their track record of execution and financial performance give us further comfort in their ability to meet their strategic objectives.

We feel that Union Pacific's current price is not reflective of its intrinsic value and have decided to become owners of this high quality company.

Exited Starbucks

Starbucks is a leading retailer of specialty coffee worldwide. The company sells high-quality coffees, tea, and other beverages along with a variety of fresh food items through 20,800 retail stores, and multiple retail channels.

Starbucks is a world class company that has accomplished a lot in the beverage industry, which is why we were owners of the business, however, a number of concerns have lead us to sell our ownership position in the company. Our primary concern revolves around valuation. As Starbucks' list of successes has grown, investors have been increasingly attracted to it, causing its valuation to reach peak levels in our opinion. Another concern relates to their ability to meet their ambitious growth targets. As with any business of this scale it becomes ever harder to replicate successes of the past, and we feel that Starbucks will be challenged to meet its lofty growth initiatives which could challenge investor returns going forward.